

Fiscal Note

Fiscal Services Division



SF 516 – Wind and Solar Tax Credits (LSB 2732SV)

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Fiscal Note Version – As passed by the Senate

Description

Senate File 516 creates an income tax credit for installation of solar and wind energy systems on commercial, agricultural, or industrial property. The tax credit is equal to 30.0% of qualified installation costs. A single installation is further limited to a \$15,000 maximum credit in the case of commercial and agricultural property and \$3,000 for residential installations. The tax credit is refundable and limited to a maximum of \$10.0 million statewide per year.

The Bill is effective on enactment and retroactive to January 1, 2011.

Assumptions

- The Bill sets an annual limit of \$10.0 million per calendar year, with the first eligible year being 2011.
- Due to the time required to implement new legislation and adopt rules, the amount of approved credits in calendar year (CY) 2011 will equal \$3.0 million and those credits will all impact FY 2012.
- For future calendar years, sufficient demand will exist and the full \$10.0 million will be awarded. Tax credits awarded on a calendar year basis will impact net General Fund revenue 25.0% in the first fiscal year and 75.0% in the succeeding fiscal year (for CY 2012 credits, this means 25.0% in FY 2012 and 75.0% in FY 2013)
- The tax credit is refundable and will not impact the local option income surtax for schools.

Fiscal Impact

Redemption of the new tax credits for solar and wind installations authorized in SF 516 will reduce net General Fund revenue by the following estimated amounts:

- FY 2011 = \$ 0.0 million
- FY 2012 = \$ 5.5 million
- FY 2013 = \$10.0 million

The impact in future fiscal years will be the same as FY 2013.

Source

Legislative Services Agency analysis

April 20, 2011

The fiscal note for this bill was prepared pursuant to [Joint Rule 17](#) and the correctional and minority impact statements were prepared pursuant to Code [Section 2.56](#). Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.
